

**United States Bankruptcy Court  
Central District of California  
Los Angeles  
Ernest Robles, Presiding  
Courtroom 1568 Calendar**

**Wednesday, May 17, 2023**

**Hearing Room 1568**

10:00 AM

**2:21-15685 Laurence Alen Freidin**

**Chapter 7**

**#1.00 Hearing**

RE: [181] Motion For Order: (1) Compelling Turnover Of Property Of The Estate Pursuant To 11 U.S.C. § 542(A); And (2) Issuing A Writ Of Execution Pursuant To Federal Rule Of Bankruptcy Procedure 7070; Memorandum Of Points And Authorities; Declaration Of Wesley H. Avery In Support With Proof Of Service (Goodrich, David)

Docket 181

**Tentative Ruling:**

5/16/2023

**Note: Parties may appear at the hearing either in-person or by telephone. The use of face masks in the courtroom is optional. Parties electing to appear by telephone should contact CourtCall at 888-882-6878 no later than one hour before the hearing.**

For the reasons set forth below, the Motion is **GRANTED**. By no later than **5:00 p.m. on Friday, June 2, 2023**, Freidin shall surrender and deliver possession of the Property to the Trustee in broom-swept condition. Should Freidin fail to do so, the Trustee may immediately file a declaration attesting to that fact, accompanied by a proposed Writ of Execution directing and authorizing the United States Marshal to evict Freidin and any other occupants from the Property.

**Pleadings Filed and Reviewed:**

- 1) Chapter 7 Trustee's Motion for Order: (1) Compelling Turnover of Property of the Estate Pursuant to 11 U.S.C. § 542(a); and (2) Issuing a Writ of Execution Pursuant to Federal Rule of Bankruptcy Procedure 7070 [Doc. No. 181] (the "Motion")
  - a) Notice of Motion [Doc. No. 182]

**I. Facts and Summary of Pleadings**

On July 14, 2021 (the "Petition Date"), Michael Levine, Inc. ("MLI") and Laurence Alen Freidin ("Freidin," and together with MLI, the "Debtors") filed

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**CONT... Laurence Alen Freidin**

**Chapter 7**

voluntary Chapter 11 petitions under Subchapter V. Freidin is the principal and 50% shareholder of MLI, and Freidin and MLI's cases are related, but the Court has not entered an order of joint administration or substantive consolidation.

On December 7, 2022, the Court authorized BG Law LLP ("BG") to withdraw from representing the Debtors. BG sought withdrawal because Freidin had ceased communicating with the firm. Concurrently with the issuance of the order authorizing BG's withdrawal, the Court issued an order requiring the Debtors to show cause why their Chapter 11 cases should not be either converted to Chapter 7 or dismissed with a 180-day re-filing bar.

On January 12, 2023, the Court converted both Chapter 11 cases to Chapter 7. Wesley H. Avery was appointed as the Chapter 7 Trustee (the "Trustee") shortly thereafter.

Freidin scheduled an interest in property located at 7526 W. 81st Street, Playa Del Rey, CA 90293 (the "Property"). On March 30, 2023, the Court authorized the Trustee to employ KWR South Bay & KW Commercial as the real estate broker to market the Property (the "Broker"). The Trustee estimates that a sale of the Property will yield approximately \$340,000 in equity for Freidin's estate.

Freidin has not attended any of the § 341(a) meetings that have taken place since the cases were converted. When the Trustee inspected the Property on April 12, 2023, the occupant at the Property did not answer the door, turned off the music that was playing when the Trustee arrived, closed the garage, and peeked through the window.

The Trustee moves for issuance of an order compelling the turnover of the Property to the Trustee. In the alternative, the Trustee seeks an order compelling Freidin and all occupants of the Property to cooperate with the Trustee and the Broker in marketing the Property.

No opposition to the Motion is on file.

## **II. Findings of Fact and Conclusions of Law**

Section 542 provides: "[A]n entity, other than a custodian, in possession, custody, or control, during the case, of property that the trustee may use, sell or lease under section 363 of this title ..., shall deliver to the trustee, and account for, such property or the value of such property, unless such property is of inconsequential value or benefit to the estate." The "property" referred to in § 542 is the "property of the estate," as defined in § 541. *Shapiro v. Henson*, 739 F.3d 1198, 1199 (9th Cir. 2014). Bankruptcy Rule 7001(1) provides that a proceeding to compel a debtor to deliver property to the Trustee may be brought by motion.

**United States Bankruptcy Court  
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**CONT... Laurence Alen Freidin**

**Chapter 7**

Property of the estate includes "all legal or equitable interests of the debtor in property as of the commencement of the case." Pursuant to § 704, the Trustee is obligated to "collect and reduce to money the property of the estate" for the benefit of creditors.

If a debtor cooperates with the Trustee's marketing of residential property, the Court typically permits the debtor to remain in the property until it has been sold at auction and the buyer is prepared to take possession. However, where, as here, the debtor is uncooperative, requiring immediate turnover is appropriate. Freidin has already obstructed the Trustee's attempts to administer the Property by (1) failing to attend any § 341(a) meetings, (2) failing to communicate with the Trustee, and (3) failing to provide physical access to the Property. The Trustee and the Broker require physical access to the Property in order to effectively market it for sale.

The Court has no confidence that Freidin would comply with an order requiring him to cooperate with the Trustee's marketing of the Property. In an adversary complaint filed before the Debtors' cases were converted to Chapter 7 (the "Complaint"), Freidin acknowledges that he failed to respond to unlawful detainer complaints filed against MLI because he "was not feeling well and was despondent about the state of MLI and its financial difficulties." Complaint at ¶ 32. Freidin's pattern of non-responsiveness has continued: (1) Freidin failed to communicate with his prior counsel, which resulted in counsel's withdrawal from representation; (2) he failed to respond to the Court's order requiring him to show cause why the Debtors' cases should not be converted to Chapter 7; (3) he has not attended any of the § 341(a) meetings since the cases were converted; (4) he has failed to communicate with the Trustee; and (5) he has failed to provide the Trustee physical access to the Property. Under the circumstances, immediate turnover is warranted.

By no later than **5:00 p.m. on Friday, June 2, 2023**, Freidin shall surrender and deliver possession of the Property to the Trustee in broom-swept condition. Should Freidin fail to do so, the Trustee may immediately file a declaration attesting to that fact, accompanied by a proposed Writ of Execution directing and authorizing the United States Marshal to evict Freidin and any other occupants from the Property.

Within seven days of the hearing, the Trustee shall submit an order incorporating this tentative ruling by reference.

No appearance is required if submitting on the court's tentative ruling. If you intend to submit on the tentative ruling, please contact Evan Hacker or Daniel Koontz at 213-894-1522. **If you intend to contest the tentative ruling and appear, please**

**United States Bankruptcy Court  
Central District of California  
Los Angeles  
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Courtroom 1568 Calendar**

**Wednesday, May 17, 2023**

**Hearing Room 1568**

10:00 AM

**CONT...**

**Laurence Alen Freidin**

**Chapter 7**

**first contact opposing counsel to inform them of your intention to do so.** Should an opposing party file a late opposition or appear at the hearing, the court will determine whether further hearing is required. If you wish to make a telephonic appearance, contact Court Call at 888-882-6878, no later than one hour before the hearing.

<b>Party Information</b>
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**Debtor(s):**

Laurence Alen Freidin

Pro Se

**Trustee(s):**

Wesley H Avery (TR)

Represented By  
David M Goodrich

**United States Bankruptcy Court  
Central District of California  
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**Wednesday, May 17, 2023**

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10:00 AM

**2:22-13761 Alexander Sihith Keo**

**Chapter 7**

**#2.00** Hearing  
RE: [63] Motion to Disallow Claims (Warshaw, Andy)

Docket 63

**\*\*\* VACATED \*\*\* REASON: WITHDRAWAL OF MOTION FILED 4-18-23**

**Tentative Ruling:**

- NONE LISTED -

<b>Party Information</b>
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**Debtor(s):**

Alexander Sihith Keo

Represented By  
Andy C Warshaw

**Trustee(s):**

Timothy Yoo (TR)

Represented By  
Carmela Pagay

**United States Bankruptcy Court  
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**Wednesday, May 17, 2023**

**Hearing Room 1568**

10:00 AM

**2:23-10604 Arts District Patients Collective, Inc.**

**Chapter 11**

**#3.00** Status Hearing to be convened under 11 U.S.C. § 1188(a)  
RE: [1] Chapter 11 Subchapter V Voluntary Petition Non-Individual.

fr. 3-22-23

Docket 1

**\*\*\* VACATED \*\*\* REASON: CONTINUED 6-14-23 AT 10:00 AM**

**Tentative Ruling:**

5/16/2023

Order entered. Status Conference **CONTINUED** to **June 14, 2023 at 10:00 a.m.**

<b>Party Information</b>
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**Debtor(s):**

Arts District Patients Collective, Inc.

Represented By  
Reed H Olmstead

**Trustee(s):**

Moriah Douglas Flahaut (TR)

Pro Se

**United States Bankruptcy Court  
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**Wednesday, May 17, 2023**

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10:00 AM

**2:23-11833    Vincente Ortiz**

**Chapter 11**

**#4.00    Status Hearing**  
**RE: Initial Status Conference Pursuant To 11 U.S.C. § 1188 (Subchapter V).**

Docket        1

**Tentative Ruling:**

5/16/2023

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The Internal Revenue Service (the “IRS”) asserts a claim against the estate exceeding \$13.8 million. The debt limit for small business debtors under Subchapter V is \$7.5 million. § 1182(1)(A). The debt limit for small business debtors who are *not* proceeding under Subchapter V is \$3,024,725. § 101(51D). The Debtor states that it “believes it is appropriate to amend Debtor’s bankruptcy petition to proceed with this case under Chapter 11 but *not* as a small business debtor” given the debt limit.

The Court agrees that it is appropriate for the Debtor to amend the petition such that the case will no longer proceed as a small business case or as a case under Subchapter V. The Debtor shall file an amendment to the petition by no later than **May 24, 2023**.

Although the case will no longer be proceeding under Subchapter V, the deadline for the Debtor to file a Plan shall remain **June 26, 2023**, as previously ordered.

A continued Status Conference shall be held on **July 11, 2023 at 10:00 a.m.** The Debtor shall file a Status Report no later than fourteen days prior to the hearing.

The Court will prepare and enter an order setting the continued Status Conference.

No appearance is required if submitting on the court’s tentative ruling. If you intend to submit on the tentative ruling, please contact Evan Hacker or Daniel Koontz at 213-894-1522. **If you intend to contest the tentative ruling and appear, please first contact opposing counsel to inform them of your intention to do so.** Should an opposing party file a late opposition or appear at the hearing, the court will

**United States Bankruptcy Court  
Central District of California  
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Courtroom 1568 Calendar**

**Wednesday, May 17, 2023**

**Hearing Room 1568**

10:00 AM

**CONT...      Vincente Ortiz**

**Chapter 11**

determine whether further hearing is required. If you wish to make a telephonic appearance, contact Court Call at 888-882-6878, no later than one hour before the hearing.

<b>Party Information</b>
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**Debtor(s):**

Vincente Ortiz

Represented By  
Donald W Reid

**Trustee(s):**

Arturo Cisneros (TR)

Represented By  
Arturo Cisneros

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**2:21-15685 Laurence Alen Freidin**

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**#100.00** Hearing  
RE: [181] Motion For Order: (1) Compelling Turnover Of Property Of The Estate Pursuant To 11 U.S.C. § 542(A); And (2) Issuing A Writ Of Execution Pursuant To Federal Rule Of Bankruptcy Procedure 7070; Memorandum Of Points And Authorities; Declaration Of Wesley H. Avery In Support With Proof Of Service (Goodrich, David)

Docket 181

**\*\*\* VACATED \*\*\* REASON: WILL BE HEARD AT 10:00 AM TODAY**

**Tentative Ruling:**

- NONE LISTED -

<b>Party Information</b>
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**Debtor(s):**

Laurence Alen Freidin

Pro Se

**Trustee(s):**

Wesley H Avery (TR)

Represented By  
David M Goodrich